

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary						FTE Position Summary				
Fund	2010-11	Governor		2011-13 Change Over		2010-11	Governor		2012-13	
	Adjusted Base	2011-12	2012-13	Base Year Doubled	%		2011-12	2012-13	Over 2010-11	%
				Amount					Number	
GPR	\$160,144,700	\$147,285,300	\$157,909,500	- \$15,094,600	- 4.7%	10.50	11.00	11.00	0.50	4.8%
FED	1,433,600	1,567,700	1,567,700	268,200	9.4	0.00	0.00	0.00	0.00	0.0
PR	<u>1,234,800</u>	<u>1,234,800</u>	<u>1,234,800</u>	<u>0</u>	0.0	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	0.0
TOTAL	\$162,813,100	\$150,087,800	\$160,712,000	- \$14,826,400	- 4.6%	10.50	11.00	11.00	0.50	4.8%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$159,700
-----	-----------

Governor: Adjust the base budget by \$79,100 in 2011-12 and \$80,600 in 2012-13 for: (a) full funding of salaries and fringe benefits (\$77,700 annually); and (b) full funding of lease costs (\$1,400 in 2011-12 and \$2,900 in 2012-13).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

GPR	- \$85,200
-----	------------

Governor: Delete \$42,600 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. ELIMINATE LONG-TERM VACANCIES

	Funding	Positions
GPR	- \$44,400	- 0.50

Governor: Delete \$22,200 and 0.5 position annually to reflect the elimination of long-term vacant positions under the bill. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

4. ACROSS-THE-BOARD REDUCTION

GPR	- \$45,000
-----	------------

Governor: Delete \$22,500 annually from the general program operations appropriation for program administration as part of an across-the-board reduction of most GPR and PR appropriations. The across-the-board reductions are equal to 10% of the appropriation less any amounts used to fund salary and fringe benefit costs. GPR and PR appropriations for student aid programs were excluded from these across-the-board reductions.

5. WISCONSIN COVENANT SCHOLARS GRANTS

GPR	- \$21,131,900
-----	----------------

Governor: Decrease funding by \$15,377,300 in 2011-12 and \$5,754,600 in 2012-13 for the Wisconsin Covenant Scholars grant program. Total program funding would be \$9,622,700 in 2011-12 and \$19,245,400 in 2012-13. According to the administration, the amounts of funding that would be provided are based on student participation in the Wisconsin Covenant Scholars program.

Beginning in the spring of 2007, Wisconsin resident students enrolled in the eighth grade have been invited to sign the Wisconsin Covenant pledge. The first Wisconsin Covenant Scholars are expected to graduate in the spring of 2011 and enroll in higher education during the 2011-12 academic year making them eligible for grants in that year. Under administrative rules promulgated in September, 2010, students designated as Wisconsin Covenant Scholars would be eligible for annual awards ranging from \$250 to \$1,500 in each of the first two years of enrollment at a Wisconsin public or private, non-profit accredited post-secondary institution. Actual awards would be based on the student's financial need. Awards to Wisconsin Covenant Scholars enrolled in their third and fourth years of postsecondary education would be based on a formula approved by the HEAB Board.

Under 2009 Act 28, \$25 million was provided for the Wisconsin Covenant Scholars grant program in 2010-11. Because no students were eligible to receive Wisconsin covenant scholars grants in that year, these funds will lapse to the general fund at the end of the 2010-11 fiscal year.

6. SUNSET WISCONSIN COVENANT SCHOLARS GRANT PROGRAM

Governor: Provide that no student may enroll in the Wisconsin Covenant Scholars program after September 30, 2011. Specify that HEAB may only designate a student as a Wisconsin Covenant Scholar for the purpose of receiving a Wisconsin Covenant Scholars grant if the student was enrolled in the Wisconsin Covenant Scholars program by that date. Students who enroll in the program on September 30, 2011, would be expected to graduate from high school in the spring of 2015 and enroll in postsecondary education during the 2015-16 academic year.

[Bill Section: 1132]

**7. WISCONSIN COVENANT SCHOLARS GRANT
PROGRAM ADMINISTRATION**

	Funding	Positions
GPR	\$252,200	1.00

Governor: Specify that the Higher Educational Aids Board (HEAB) would be the sole administrator of the Wisconsin covenant scholars grant program and provide \$126,100 and 1.0 project position beginning in 2011-12 for the administration that program. The amount provided includes \$81,300 for salary and fringe benefits costs, \$6,000 to support an LTE position, and \$38,800 for supplies and services. Under current law, the Wisconsin Covenant Scholars grant program is administered jointly by the Office of the Wisconsin Covenant Scholars program (OWCSP) in DOA and HEAB. The bill would eliminate OWCSP and transfer all assets, liabilities, tangible personal property, contracts, rules, orders, and pending matters of OWCSP to HEAB. [See Administration -- General Agency Provisions for more information on the elimination of the Office of the Wisconsin Covenant Scholars program.]

Modify grant eligibility such that only students who have been designated as Wisconsin Covenant Scholars by HEAB, instead of by OWCSP under current law, would be eligible for grants. Modify current law to require the UW Board of Regents, the Wisconsin Technical College Board, each tribally-controlled college in this state, and the Wisconsin Association of Independent Colleges and Universities to provide information on tuition and fees to HEAB, instead of OWCSP as under current law. In addition, modify current law to require HEAB, instead of OWCSP, to determine the average resident undergraduate tuition and fees charged at all UW System institutions, technical colleges, tribally-controlled colleges, and private, nonprofit, accredited institutions of higher education in this state. Require the UW-Madison Board of Trustees, which would be created under the bill, to also provide information on tuition and fees to HEAB and require HEAB to similarly determine the average resident academic fees charged by UW-Madison. Modify current law to require the Department of Public Instruction to provide pupil information to HEAB, instead of OWCSP as under current law, as necessary for the Board to fulfill its role in the administration of the Wisconsin Covenant Scholars grant program. Modify current law to require HEAB, instead of DOA, to promulgate rules to implement the Wisconsin covenant scholars grant program.

[Bill Sections: 1125 thru 1131]

**8. REESTIMATE MINNESOTA WISCONSIN RECIPROCITY
EXPENDITURES**

GPR	\$5,800,000
-----	-------------

Governor: Provide \$2,400,000 in 2011-12 and \$3,400,000 in 2012-13 to reestimate payments made to Minnesota and Minnesota higher education institutions under the Minnesota-Wisconsin tuition reciprocity agreement. Total funding would increase from \$12,600,000 in 2010-11 to \$15,000,000 in 2011-12 and \$16,000,000 in 2012-13. Payments are made from a sum sufficient appropriation and are fully funded regardless of the amount shown in the appropriation schedule.

For the 2009-10 academic year, Wisconsin made payments totaling \$13.0 million under

the agreement. Payments made to Minnesota and Minnesota higher education institutions under the agreement are partially offset by tuition paid by Minnesota students attending UW System institutions. Tuition in excess of the Wisconsin resident rate received by UW System institutions is deposited in the general fund. Excess tuition paid by Minnesota students totaled \$8.8 million in the 2009-10 year so that the net effect of the agreement on the general fund was -\$4.2 million in that year.

9. WHEG-UW

Governor: Modify current law to suspend the link between funding for the Wisconsin higher education grant program for UW students (WHEG-UW) and average increases in UW resident undergraduate tuition for the 2011-13 biennium and maintain base level funding of \$58,345,400 in each year of the biennium. For the purpose of calculating future WHEG-UW appropriation amounts, set the statutory base funding reference at \$58,345,400.

In addition, specify that students attending UW-Madison would continue to be eligible for WHEG-UW awards and require HEAB to determine the percentage by which resident undergraduate tuition would increase in future years for the purpose of calculating WHEG-UW funding increases under the sum sufficient link.

[Bill Sections: 518 and 1119 thru 1124]

10. REESTIMATE FEDERAL REVENUES

FED	\$268,200
-----	-----------

Governor: Provide \$134,100 annually to reflect increases in federal leveraging educational assistance partnership (LEAP) and special leveraging educational assistance partnership (SLEAP) funds. Base level funding for this appropriation is \$1,433,600.